South Carolina
DEPARTMENT OF HEALTH AND HUMAN SERVICES
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MEDICAID BULLETIN

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TO: Nursing Facilities and Intermediate Care Facilities for the Mentally Retarded

SUBJECT: Non-Covered Medical Expenses

When individuals apply for Medicaid to assist with the payment of institutionalized care, the eligibility financial determination includes several steps. If the individual is deemed financially eligible, an additional step must be taken to determine the amount of income (if any) the individual must contribute toward the cost of care. Institutionalized individuals who have monthly recurring income are allowed deductions from their monthly income if they incur medical expenses that are not covered by Medicaid, or other third party payers. The purposes of this bulletin are to review the policies and procedures for making deductions for non-covered medical expenses and to notify providers of the increase in deduction amounts for non-covered medical expenses.

Some of the definitions used in discussing this policy are as follows:

Monthly Recurring Income

- Monthly recurring income is the amount of income a beneficiary is required to contribute toward the cost of care. The amount of monthly recurring income is determined by the SCDHHS caseworker and is provided to the facility on the SCDHHS Form 181. It is the beneficiary's gross income minus:
  a. Thirty dollars ($30.00) personal needs allowance;
  b. Income allocated to a spouse or family member at home;
  c. Home maintenance expenses; and
  d. Health insurance premiums (other than Medicare premiums).

These deductions must be made in the order stated above before a deduction can be made for non-covered medical expenses.

Non-Covered Medical Expenses

- Non-covered medical expenses which are recognized by State law as medical expenses, but which are not covered by the Medicaid Program or any other third party payer such as Medicare, Champus, Veterans Administration,

private insurance, etc. Non-covered medical expenses do not include any items/services which are recognized as allowable cost for Medicaid rate setting purposes.

Incurred Monthly Expenses

- Incurred monthly expenses are the allowable cost of non-covered medical expenses of the beneficiary which can be deducted from monthly recurring income. Refer to page 2 of Attachment B for the limitations on allowable deductions. Attachment A also reviews the procedures when the deduction for a non-covered medical expense requires prior approval or is questionable. Non-covered medical expenses which require prior approval are completed on the SCDHHS Form 235 (See Attachment A).

Review of Procedures for Making Deductions for Non-Covered Medical Expenses

1. The beneficiary or responsible party provides a bill to the facility. If the bill is for an item/service such as dentures, denture repair, eyeglasses or hearing aids, the beneficiary or responsible party must provide a statement from a licensed practitioner to certify that the item/service is medically necessary.

2. The facility makes a copy of the bill and the practitioner's certification, if appropriate, and enters the amount of the bill on the Log of Incurred Medical Expenses, SCDHHS Form 236 (See Attachment B). The copy of the bill and the practitioner's certification should be attached to the SCDHHS Form 236 and maintained by the facility for audit purposes. The SCDHHS Form 236 will be maintained for each beneficiary who requests and is allowed a deduction(s). If the limit is less than the actual cost of the item/service, the limit must be used rather than the actual cost. In other words, actual cost will be used unless it is greater than the established limit.

3. At the end of the month, the facility totals the allowable non-covered medical expenses found on the SCDHHS Form 236 in the "Lesser of Cost or Allowable Deduction" column which the beneficiary has accumulated during the month. This is the amount to be deducted from the beneficiary's monthly recurring income. If the beneficiary's non-covered medical expenses are greater than the recurring income, the difference is carried over into the following month(s).

4. The facility enters the beneficiary's non-covered medical expenses on the Turnaround Document (TAD). The facility must not enter an amount greater than the beneficiary's monthly recurring income.

The Medicaid payment system subtracts the incurred monthly expense(s) from the monthly recurring income to arrive at a new monthly recurring income for **the billing month only**. The system then calculates the correct payment for the billing month. The next month, the TAD reflects the monthly recurring income found on the SCDHHS Form 181.

5. The beneficiary is given credit for the deduction in one of the following ways:

   a. If the facility collects monthly recurring income from the beneficiary at the beginning of the month, the facility should either:

      - refund the amount of the incurred monthly expense to the beneficiary or the responsible party; or

      - pay the amount of the allowable incurred monthly expenses to each provider from the beneficiary's monthly recurring income.

   b. If the facility collects monthly recurring income from the beneficiary at the end of the month or at the beginning of the next month, the facility:

      - subtracts the amount of allowable incurred monthly expenses from the beneficiary's monthly recurring income; and

      - collects the difference from the beneficiary's responsible party.

Circumstances for Allowable Deductions

The deduction will be allowed when the following items are provided to the facility:

- A bill which reflects the item/services, the date rendered and the cost; and

- A statement from a licensed practitioner that the item/service was medically necessary. If the facility arranged for the provision of the medical item/service, the SCDHHS Form 236 should be annotated with a cross-reference to the beneficiary's chart. A physician's order in the beneficiary's chart will be sufficient to document medical necessity for a non-covered item/service.

- When eligibility is determined for a retroactive period; or

- When there is a delay in approving an application of an individual who is a resident of a facility; or

- When there is a delay in a determination by a third party payer regarding coverage of an item/service.

Monitoring

The State Auditor's Office will include the review of this process in the scope of its audits.

Questions about this Bulletin should be directed to your Program Representative at (803) 898-2590. Thank you for supporting the South Carolina Medicaid Program.

/s/

Emma Forkner
Director

EF/wtk

Attachments

NOTE: To receive Medicaid bulletins by email, please send an email to bulletin@scdhhs.gov indicating your email address and contact information.
To sign up for Electronic Funds Transfer of your Medicaid payment, please go to the following link for instructions: http://www.scdhhs.gov/dhhsnew/serviceproviders/eft.asp